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SECRETARY OF DEFENSE CHUCK HAGEL MESSAGE ON REDUCING CIVILIAN FURLOUGHES

When I announced my decision on May 14 to impose furloughs of up to 11 days on civilian employees to help close the budget gap caused by sequestration, I also said we would do everything possible to find the money to reduce furlough days for our people. With the end of the fiscal year next month, managers across the DoD are making final decisions necessary to ensure we make the \$37 billion spending cuts mandated by sequestration, while also doing everything possible to limit damage to military readiness and our workforce. We are joined in this regard by managers in non-defense agencies who are also working to accommodate sequestration cuts while minimizing mission damage. As part of that effort at the Department of Defense, I am announcing today that, thanks to the DoD's efforts to identify savings and help from Congress, we will reduce the total numbers of furlough days for DoD civilian employees from 11 to six.

When sequestration took effect on March 1, DoD faced shortfalls of more than \$30 billion in its budget for day-to-day operating costs because of sequestration and problems with wartime funding. At that point we faced the very real possibility of unpaid furloughs for civilian employees of up to 22 days.

As early as January, DoD leaders began making painful and far reaching changes to close this shortfall: civilian hiring freezes, layoffs of temporary workers, significant cuts in facilities maintenance, and more. We also sharply cut training and maintenance. The Air Force stopped flying in many squadrons, the Navy kept ships in port, and the Army cancelled training events. These actions have seriously reduced military readiness.

By early May, even after taking these steps, we still faced day-to-day budgetary shortfalls of \$11 billion. At that point I decided that cutting any deeper into training and maintenance would jeopardize our core readiness mission and national security, which is why I announced furloughs of 11 days.

Hoping to be able to reduce furloughs, we submitted a large reprogramming proposal to Congress in May, asking them to let us move funds from acquisition accounts into day-to-day operating accounts. Congress approved most of this request in late July, and we are working with them to meet remaining needs. We are also experiencing less than expected costs in some areas, such as transportation of equipment out of Afghanistan. Where necessary, we have taken aggressive action to transfer funds among services and agencies. And the furloughs have saved us money.

As a result of these management initiatives, reduced costs, and reprogramming from Congress, we have determined that we can make some improvements in training and readiness and still meet the sequestration cuts. The Air Force has begun flying again in key squadrons, the Army has increased funding for organizational training at selected units, and the Navy has restarted some maintenance and ordered deployments that otherwise would not have happened. While we are still depending on furlough savings, we will be able to make up our budgetary shortfall in this fiscal year with fewer furlough days than initially announced.

This has been one of the most volatile and uncertain budget cycles the Department of Defense has ever experienced. Our fiscal planning has been conducted under a cloud of uncertainty with the imposition of sequestration and changing rules as Congress made adjustments to our spending authorities.

As we look ahead to fiscal year 2014, less than two months away, the Department of Defense still faces major fiscal challenges. If Congress does not change the Budget Control Act, DoD will be forced to cut an additional \$52 billion in FY 2014, starting on October 1. This represents 40 percent more than this year's sequester-mandated cuts of \$37 billion. Facing this uncertainty, I cannot be sure what will happen next year, but I want to assure our civilian employees that we will do everything possible to avoid more furloughs.

I want to thank our civilian workers for their patience and dedication during these extraordinarily tough times, and for their continued service and devotion to our department and our country. I know how difficult this has been for all of you and your families. Your contribution to national security is invaluable, and I look forward to one day putting this difficult period behind us. Thank you and God Bless you and your families.